BC INNOVATION COUNCIL

BC Innovation Council

Annual Report

2012 | 2013

Making BC a great place for technology entrepreneurs

Message from the Chair

Jill Leversage,
Chair, BC Innovation Council

On behalf of the Board of Directors and the employees of BCIC, I am pleased to present our Annual Service Plan Report for the fiscal year 2012/2013.

BCIC remained in a strong financial position at the end of fiscal 2012/2013, having unrestricted assets of $6.3 million. Along with the funding it received from the Ministry of Advanced Education, Innovation and Technology, BCIC continued to partner with federal and provincial government agencies, research institutions, industry and regional groups to carry out programs and initiatives that align with our mandate.

BCIC is the Province's lead agency with a mandate to grow British Columbia's economy and create new rewarding technology jobs by supporting technology entrepreneurs and accelerating technology commercialization. Working with its network of partners across the province, BCIC funds and supports programs that advance new technology ventures through well-defined stages to propel innovative new products beyond the idea stage into the global marketplace.

In 2012/2013, BCIC contributed a total of $6.6 million to community activities, including the launch of Venture Acceleration Programs across the province, and the support of community events such as the Startup Canada Campaign, the GROW technology conference and a technology summit. This total is in line with the forecast set out in our 2012/2013 Service Plan.

In addition, BCIC met or exceeded all the targets set for our measures, a direct result of BCIC and partner efforts to expand successful Venture Acceleration Programs across the province in the BCIC Acceleration Network. Partners such as the Victoria Advanced Technology Council (VIATeC) and Northwest Science & Innovation retained business experts to work with clients and greatly exceeded the targets they set for the year.

In 2012/2013, BCIC continued to work closely with its partners in industry and academia to deliver programs and initiatives that develop entrepreneurial talent and promote the commercialization of technology.
In particular:

- **Launched in September 2012, the largest BCIC commercialization initiative is BCAN, the BCIC Acceleration Network.** BCAN touches all corners of the province through regional partners funded by BCIC. The objective is to deliver support to allow early-stage entrepreneurs to get their businesses launched. As part of BCAN, BCIC's regional partners deliver the Venture Acceleration Programs, which provide office space and a supportive environment for new entrepreneurs. Executives-in-Residence, successful business professionals trained in the use of the program, help new entrepreneurs through the earliest stages of their enrolment. In addition, the BCIC Mentor Program provides ongoing mentoring through its volunteer mentors, providing assistance as the companies develop.

Message from the Chair *(continued)*

At the time of the launch, two partners had entered the Network and the program was available in the Okanagan and Victoria. Since September, BCIC has secured additional partners in order to expand the program offerings throughout the Lower Mainland, Fraser Valley, mid- and north- Vancouver Island, Sunshine Coast and the Central Interior.

- **In partnership with Mitacs, a national not-for-profit research organization that develops the next generation of innovators with vital scientific and business skills,** BCIC launched the BCIC-Mitacs Commercialization Voucher Program in 2012/2013.
  A pilot program was designed to help British Columbia businesses rapidly bring their ideas and products to market. The program enables companies to retain a graduate student from a British Columbia-based Post-Secondary Research Institution for commercialization assessments of new products or services, or new market opportunities for existing products or services.

Over the past 12 months, BCIC welcomed new team members to help BCIC execute on its mission. As of July 1, 2012, the BCIC Board of Directors has been strengthened by the appointment of two members, Lorraine Larkin and Derek Lew. In August, John Jacobson joined the team as President and CEO and made a valuable contribution during the remainder of the fiscal year.

In 2012, BCIC transitioned its goals, measures and targets to reflect the recommendations from the Province's 2011 Mandate Review of BCIC. The planning phase took place in 2012, and changes are underway for implementation in the next fiscal year. BCIC's refreshed mandate extends its activities into eight key industry sectors identified in the BC Jobs Plan. BCIC is developing a Cross-Sector Strategy in 2013/2014 as a first step in broadening our focus to all eight sectors.

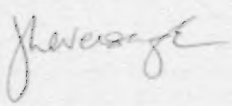
In addition, the renewed mandate directed BCIC to change its funding process to improve transparency and accountability. New program spending will be based on specific work plans developed and proposed by the funded organization and will include appropriate measures of progress and outcomes. As a result, funding that BCIC previously provided to some of its partners has ended and is being replaced with contribution agreements that outline expectations.

Greater detail of BCIC's activities over the past fiscal year can be found in the following pages of this 2012/2013 Annual Service Plan Report.

Through leveraging of funds, knowledge and industry expertise, BCIC strives to maximize the value of every dollar spent. BCIC's existing resources are fully committed to Board-approved programs and initiatives. We are confident that the dollars invested in programs for entrepreneurs in British Columbia will continue to yield results and, in turn, create more job opportunities.

I would like to thank Ministry personnel for their strong support. I look forward to our continued conversations and collaborations as we work towards building the best economic opportunities for British Columbians and strengthening BCIC's role in growing our economy.

Yours truly,



Jill Leversage
Chair, BCIC
June 5, 2013

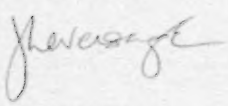
Accountability Statement

The 2012/2013 BC Innovation Council Annual Service Plan Report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The Board is accountable for the contents of the report.

The information presented has been prepared in accordance with the *BC Reporting Principles* and reflects the actual performance of BCIC for the 12 months ending March 31, 2013. The measures presented for 2012/2013 focus on aspects critical to the organization's performance and are consistent with BCIC's mission, goals and objectives in 2012/2013. The Board is responsible for ensuring internal controls are in place to confirm that performance information is measured accurately and in a timely fashion.

All significant decisions, events and identified risks as of March 31, 2013, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Its contents are consistent with the Government's Letter of Expectations received from the Province in 2012.

Any changes in mandate direction, goals, strategies, measures or targets made since the 2012/13 – 2014/15 service plan were published in the 2013/2014 service plan and any significant limitations in the reliability of data are identified in the report.



Jill Leversage
Chair, BCIC
June 5, 2013

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Organizational Overview

Enabling Legislation

The BC Innovation Council is a provincial Crown Agency operating under the *British Columbia Innovation Council Act* (Amended in Bill 15 - 2006).

Mandate

The provincial government has provided the following direction to BCIC in order to ensure it fulfills its objectives:

- To advance commercialization in British Columbia through focused support to startup companies and facilitation of partnerships between industry and academia;
- To work with partners and organizations that support entrepreneurship and the development of entrepreneurial talent;
- To work cooperatively with the BC Regional Science and Technology Network (BCRSTN) offices and the University Industry Liaison Offices (UILOs) operating in the province;
- Incubate and develop key programs in partnership with the Government and deliver programs through well-established partners that use outcomes-based reporting and transparent practices;
- Align BCIC's Board governance model with the Board Resourcing and Development Office (BRDO) policies and best practices;
- Develop a new set of outcome-based performance measures as part of a rigorous approach to planning and evaluation, and extend these metrics to partner selection and reporting;
- Diversify programming to expand entrepreneurship programs and support in priority sectors as outlined in the BC Jobs Plan; and
- Meet the financial and performance reporting requirements set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*.

Vision

Making British Columbia a great place for technology entrepreneurs to access opportunities, training and community.

Mission

BCIC accelerates the commercialization of technology by funding venture acceleration programs that promote and assist development of entrepreneurs and early stage companies.

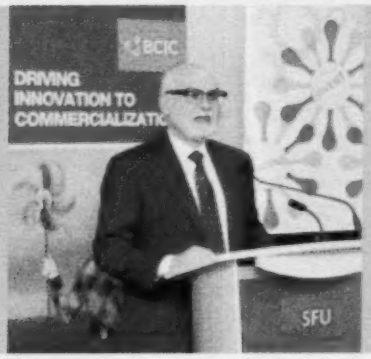
Organizational Overview *(continued)*

Values

BCIC's core values guide its operations. They include:

- **Collaboration –** BCIC collaborates with partners to create programs and provide support for initiatives that develop entrepreneurs and promote the commercialization of technology.
- **Results –** BCIC measures the contribution that our programs and activities make to the province by setting performance targets and measuring results. We continually monitor our programs and services with our partners and clients to ensure outcomes are aligned with our mandate.
- **Integrity –** BCIC is committed to meeting the highest standard of integrity expected by British Columbians and Government alike. We follow fair and transparent processes in all our activities and we pass the obligation to do the same to all of the partners we provide funding to.
- **Entrepreneurial –** BCIC promotes an entrepreneurial spirit among those starting ventures in British Columbia, and BCIC is committed to operating with the same entrepreneurial spirit.

Overview of Core Business Areas



Daniel Shapiro,
Dean, Beedie School of Business, Simon Fraser University, addresses attendees at the entrepreneurship@SFU launch

BCIC is the Province's lead organization with a mandate to encourage commercialization of technology in British Columbia. Helping entrepreneurs get new and innovative products into the global market enhances British Columbia's competitiveness and provides high quality jobs for British Columbians. New companies and ventures are the engine of job creation and the origin of the future firms that anchor the economy. All of BCIC's programs and services support this important goal.

BCIC develops and funds programs which are delivered across the province by regional economic development organizations and academic institutions. This approach enables BCIC to assure quality and consistency while catering to the specific needs of technology entrepreneurs based on their location, their industry sector and the stage of development of their venture, be it the concept, idea validation, pre-commercial or startup stage.

BCIC's programs focus on economic sectors in which British Columbia has a competitive advantage.

BCIC Programs

In 2012/2013, BCIC delivered initiatives under three program areas to meet its mandate. The program areas are as follows:

- **Entrepreneurial Talent Development and Retention**
- **Commercialization of Technology**
- **Technology Awareness**

Program Area: Entrepreneurial Talent Development and Retention

BCIC works with its program partners to help British Columbians become successful entrepreneurs who will build their companies in the province. BCIC funds several programs that provide training to emerging entrepreneurs as well early-stage entrepreneurs who are working to commercialize their concepts. For example:

- **entrepreneurship@SFU:** created by BCIC, Dr. Ken Spencer, SFU's Faculty of Applied Sciences and the Beedie School of Business in 2012. This initiative provides a competitive academic pathway for third- and fourth-year business and applied sciences students and provides the skills, mentorship and resources to build upon innovative ideas and develop successful new ventures. Students are expected to produce a business plan, design and prototype their product/system, complete steps to launch a successful business and obtain a lead customer. They also take courses in business, engineering, entrepreneurship, innovation and commercialization and have access to mentorship from industry experts, a scholarship award and other resources.

  Key Achievements: Launched in January 2012, the first two years of the program have placed 31 students in six teams that created business plans and prototypes, and worked toward securing lead customers, partners and investors as part of the future launch of their companies.

Overview of Core Business Areas *(continued)*

- **entrepreneurship@UVic:** developed in 2009 by BCIC in partnership with the University of Victoria, Wesley Clover and the Alacrity Foundation, with support from Western Economic Diversification Canada. This incubator program offers engineering graduates specialized entrepreneurship training, guidance and mentorship from successful technology developers and investors. Upon completion of the program students receive Master's degrees, entrepreneurship graduate diplomas, and have developed their own companies.

  Key Achievements: In the three academic years since its launch in 2009, the program has trained a total of 10 students. Each cohort has created a company, for a total of three companies. The first cohort graduated in 2011 and their company, Yupiq, is rapidly growing and in the process of receiving its second round of funding from investors. Initially a team of four student entrepreneurs, the company now employs seven people.

- **BCIC-New Ventures Competition:** BCIC partnered with the New Ventures BC Society to deliver the annual competition for emerging entrepreneurs that has operated in British Columbia since 2001. This technology idea competition is designed to provide entrepreneurs with the tools and resources needed to successfully take their ideas to the marketplace.

  Key Achievements: The 2012 competition saw 146 applicants. Top prizes were awarded to an online learning platform, a dental implant technology provider and an online child caregiver search tool. In total $235,000 was awarded in prizes - these companies join more than 1500 program alumni over 12 years of competition.

  A study released in February 2013 by the SFU's Beedie School of Business found that of companies that advanced to the third round between 2001 and 2011 of the BCIC-New Ventures Competition:

  - 56% are still active in some form and collectively have created 3,170 jobs and generated an estimated $194 million in revenue; and
  - These ventures filed an estimated 854 patents and generated 1,294 unique product offerings.

Bill MacEwan, Founder of SpaceList, a participating company in the 2012 BCIC-New Ventures BC Competition

- **The BCIC Mentor Program:** a province-wide entrepreneurial development program for founders and CEOs of British Columbia technology ventures has been offered by BCIC since its launch in 2011. Modeled on the very successful MIT Venture Mentoring Service, the BCIC Mentor Program adopts best practices from ACETECH's Growth Strategy Program, which delivers tools and peer mentoring to CEOs of technology companies in order to improve their effectiveness as leaders. Program participants are early-stage startups with a goal to progress and grow. By delivering expert guidance and timely support in developing their ventures, the program improves the success of participating entrepreneurs and helps them take their companies to the next level.

  Key Achievements: Since its launch in January 2011, BCIC has recruited and trained 108 mentors, and accepted 128 companies into the program. In 2012/2013, 61 mentors and 54 early-stage technology CEOs and founders actively participated in the program. On average, these early stage companies support 6.7 jobs each.

Program Area: Commercialization of Technology

BCIC's goal of facilitating the commercialization of innovative technology is supported by its network of acceleration programs and programs that develop entrepreneurial talent at the post-secondary level. For example:

- In 2012/2013, BCIC launched the **BCIC Acceleration Network,** a province-wide alliance of regional partners delivering the Venture Acceleration Program.

a structured venture growth program to technology entrepreneurs across British Columbia. Through the BCIC Acceleration Network, new and early-stage technology companies throughout the province gain access to highly qualified entrepreneurial expertise and know-how. In 2012/2013 the program was delivered in the Okanagan and Victoria. The program was expanded later in the year through three partnerships in the Lower Mainland as well as one each in Kamloops and Nanaimo. Plans were set in motion in to serve the West Kootenays by 2013/2014.

Key Achievements: Since its inception, the BCIC Acceleration Network has engaged 102 companies through five partners in the Lower Mainland, Fraser Valley, Okanagan, Victoria, Vancouver Island, Sunshine Coast and Central Interior regions. Collectively, since engagement, these companies have added 273 full-time jobs and attracted over $12 million in investment.

- BCIC launched the **BCIC-Mitacs Commercialization Voucher Program** in 2012/2013 in partnership with Mitacs, a national not-for-profit research organization that develops the next generation of innovators with vital scientific and business skills. A pilot program designed to help British Columbia businesses rapidly bring their ideas and products to market, the program enables companies to retain a graduate student from a British Columbia-based post-secondary research institution for commercialization assessments of new products or services, or new market opportunities for existing products or services.

  Key Achievements: During the pilot phase, the Voucher Program received a total of 56 applications from companies, 49 of which were matched with appropriate student candidates and presented to BCIC for review. Of the 49 applicants that were reviewed, 37 were approved. All funded projects are scheduled to be completed by September 30, 2013.

- BCIC continued as the custodian of the $50 million **Natural Resources and Applied Science Research Endowment (NRAS)** originally provided by Government in 2005/2006 to build research and development, advanced training, technology transfer and commercialization capacity in British Columbia in engineering, natural resources and the applied sciences. The first funding program to emerge from the endowment was the **NRAS Research Team Program,** developed collaboratively by BCIC and BCFRST in 2009. The endowment continues to earn interest and, once sufficient interest has grown, BCFRST may deliver further programs.

  Key Achievements: The NRAS Research Team Program competition received 102 applications in 2009 and granted 24 awards for a total of $6.7 million. In addition to the more than 50 researchers participating on the teams, the projects involve high-calibre training and supervision for 25 university students.

Premier Christy Clark attends A Dialogue... Building and Sustaining BC's Technology Ecosystem

Program Area: Technology Awareness

In support of all BCIC programs and initiatives, BCIC aims to increase awareness of British Columbia's science and technology sectors domestically and internationally. BCIC does this by linking British Columbia companies to international growth opportunities as well as by increasing awareness of the achievements of the British Columbia technology community. For example:

- On March 15, 2013, BCIC and several partners from British Columbia's technology community presented **A Dialogue... Building and Sustaining BC's Technology Ecosystem.** The event featured presentations by several large technology companies based in Vancouver. A panel involving several capacity builders in British Columbia's technology communities and a keynote presentation provided opportunities for the more than 200 attendees to participate in an open dialogue. Attended by key decision makers including

Overview of Core Business Areas *(continued)*

community builders, CEOs, venture capitalists and members of the provincial government, the event saw an exchange of ideas between those who are making British Columbia a great place to start and grow technology companies.

- BCIC was the provincial ambassador for the 2012 Startup Canada Campaign, a nationwide tour to celebrate and inspire entrepreneurship. BCIC chaired the Startup Canada BC Steering Committee. Working with more than 20 partners including industry associations, support organizations and entrepreneurs, the BC Steering Committee organized events in seven British Columbia communities over a two-week period in September 2012. The British Columbia events drew more than 1,800 people from sectors ranging from agri-tourism to technology, with cultural backgrounds spanning immigrant entrepreneurs to First Nations communities.

  As a result of the national tour, Startup Canada Communities was launched in May 2013. This pan-Canadian network provides entrepreneurs with local access to mentors, space, funding and support to grow their businesses. Startup Canada Communities is being piloted in 15 communities, including three in British Columbia.

- In 2012, BCIC again supported **metabridge,** an initiative that provides British Columbia technology companies with direct connection and access to key international technology partners for customer, investment, strategic partnerships, mentorship and advisory opportunities.

Donnie Unigaro (left) and Michael Blonde (right), *Directors of metabridge 2012*

- BCIC was a silver sponsor of the annual **GROW conference** again in 2012. Each year GROW brings together more than 800 people among them founders, investors, entrepreneurs, bloggers, developers, designers and more. GROW has earned the reputation of being Canada's leading technology conference.

Kerith Perreur-Lloyd and Sarah Doherty, *Founders of Sidestix*

Sidestix is an award holder of the 2013 BCIC New Ventures BC Regional Competition and the 2012 Mid-Island Science and Technology Council (MSTC) Innovation Award.

- BCIC partners with industry associations, regional science and technology councils, academic institutions and other organizations to identify and promote technology **success stories.** The result is raised awareness of British Columbia as a great place to start and grow technology companies in all areas of the province. Success stories published by BCIC in 2012 and instances of BCIC in the news can be found on the BCIC website at www.bcic.ca/success-stories and www.bcic.ca/bcic-in-the-news respectively. For example, BCIC frequently features success stories of companies in the BCIC Mentor Program such as Squeezease Therapy's success with its product SnugVest, created for children and teens with autism and other sensory disorders: www.bcic.ca/blog/2013/providing-a-firm-hug-with-snug-vest-a-bcic-mentor-program-co.

Benefits for British Columbians

A fundamental function of BCIC is to accelerate the development of the knowledge-based economy in the province, directly leading to improved economic performance for British Columbia. Within BCIC's mandate, this is accomplished by running programs that increase the quantity of successful technology entrepreneurs and companies. BCIC helps to create new jobs and economic growth for the province by building entrepreneurs and transforming research into commercial ventures.

Overview of Core Business Areas *(continued)*

Principal Partners, Clients and Stakeholders, Delivery of Services

BCIC designs, develops and implements many of its programs and services in conjunction with its delivery partners. All of its delivery partners are not-for-profit organizations with a regional development focus or with an affiliation with an educational institution.

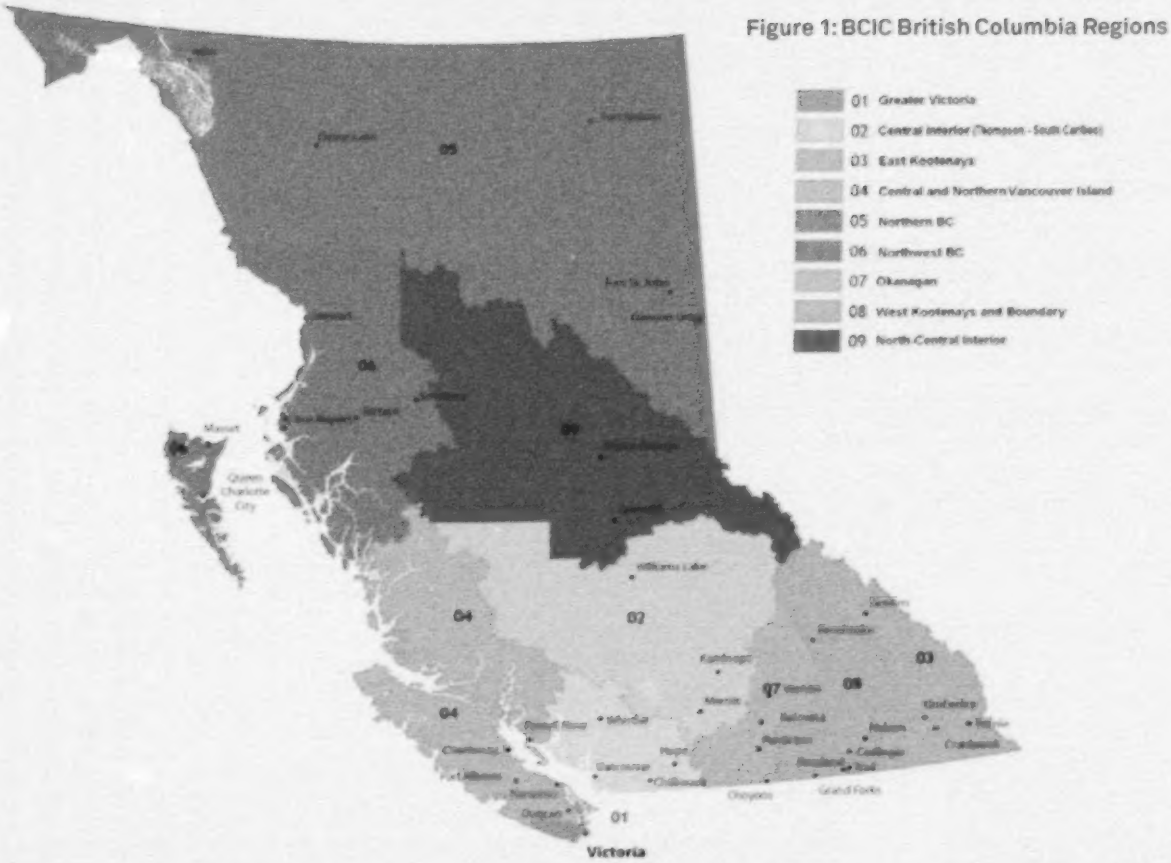
BCIC also has a unique role in facilitating partnerships between academia and industry to solve real world problems through direct and applied research. Such partnerships result in increased commercial activity.

BCIC also engages with federal and other provincial government agencies, research institutions, industry and regional groups to coordinate and enhance its programs.

In 2012/2013, BCIC maintained partnerships with more than 20 organizations. Examples include accelerators such as Accelerate Okanagan, Victoria Advanced Technology Council and Wavefront; academic partners such as Simon Fraser University and the University of Victoria; business competition organizers such as New Ventures BC; and regional technology councils such as Innovation Island (formerly Mid-Island Science & Technology Innovation Council) in Nanaimo and Kootenay Association for Science & Technology in the West-Kootenay region.

Regions as defined by BCIC are indicated in the map in Figure 1 below.

Figure 1: BCIC British Columbia Regions



Overview of Core Business Areas *(continued)*

Location

BCIC's office is located at the Leading Edge Technology Centre in downtown Vancouver in close proximity to several key technology industry associations and other complementary organizations. Locating in such an environment allows BCIC further collaboration opportunities.

The Leading Edge Technology Centre is on the 9th floor, 1188 West Georgia Street, Vancouver, British Columbia V6E 4A2.

Corporate Governance

BCIC follows, and is in compliance with, the Board Governance guidelines posted on the Board Resourcing and Development Office (BRDO) website.

Role and Membership of the Board

The Lieutenant Governor, through Order-in-Council, appoints the members of BCIC's Board, and delegates the role of the Chair. The Board Chair reported to the British Columbia Legislative Assembly through the Minister of Advanced Education, Innovation and Technology. The Board of Directors had seven members in 2012/2013:

- Jill Leversage, *Chair*
- Jonathan Burke
- Gurval Caer
- Robin Ciceri
- Lorraine Larkin
- Derek Lew
- Cheryl Slusarchuk

The Board

- Sets the strategic direction and approves appropriate plans from management;
- Recruits, empowers and monitors the executive management;
- Shepherds and safeguards BCIC resources, approving major financial decisions, ensuring internal controls are in place and addressing areas of risk; and,
- Measures corporate performance, reporting regularly to the stakeholders to ensure compliance with applicable laws and ethical standards.

Corporate Governance *(continued)*

Board Committees

Purpose	Committee Members
The **Audit and Finance Committee** helps the Board fulfill its obligations and oversight responsibilities relating to the audit process, financial reporting, corporate control systems and risk management. When required, it makes recommendations to the full Board for approval.	Lorraine Larkin (Chair) Jonathan Burke Cheryl Slusarchuk
The **Governance and Board Nomination Committee** reviews Board policies and practices, ensuring BCIC fulfills its legislated mandate and implements effective due diligence over BCIC's governance.	The Full Board
The **Human Resources and Compensation Committee** is a committee of the full Board that fulfils the Board's responsibilities with respect to BCIC's staff policies and practices.	The Full Board

Senior Management Team

- John Jacobson – *President and CEO*
- Jenny Choboter – *CFO*
- Paulin Laberge – *Executive-in-Residence*
- Dean Prelazzi – *Managing Director, BCIC Acceleration Network*
- Lindsay Chan – *Director of Communications*
- Tomica Divic – *Director of Operations*

Governance Principles

BCIC's Board has adopted the guiding principles outlined in the Province of British Columbia's Governance Framework for Crown Corporations in establishing a framework from which to operate. These principles include:

- Stewardship, leadership and effective functioning of the Board
- Performance and value, innovation and continuous improvement.

Governance Disclosure and Key Accountability Relationships

BCIC's governance documents and related disclosure practices are available at www.bcic.ca/corporate-reports where a full log and library of all documents related to BCIC and its activities reside.

BCIC is a Crown Agency of the Province of British Columbia. BCIC's Annual Service Plans and Annual Reports in fiscal year 2012/2013 were submitted to the Ministry of Advanced Education, Innovation and Technology.

BCIC works with program partners to provide input on funded activities and program partners are responsible for submitting regular reports to BCIC regarding funded activities.

Report on Performance

Goals, Objectives, Key Strategies, Measures And Targets

BCIC Goals and Performance Measures

BCIC continues to work with industry, government and the province's academic institutions to identify opportunities and gaps in its strategies directed at developing entrepreneurs and promoting the commercialization of technology. Once identified, BCIC works with partners to address these needs through the development and refinement of initiatives.

BCIC plays an integral role in helping shape the development of British Columbia's knowledge economy. Because this role is fundamental for future job growth and economic development in British Columbia, BCIC considers it critical to have accurate performance measures to track its progress in fulfilling its mandate.

Goal 1: Entrepreneurial Talent Development & Retention

BUILDING BETTER ENTREPRENEURS FOR BRITISH COLUMBIA

BCIC works with its program partners to help British Columbians to become successful entrepreneurs.

Objective

- To improve early-stage commercialization skills of entrepreneurs in the British Columbia science and technology community. Examples of these skills include business management, leadership, ability to communicate with investors, customers and other stakeholders.

Strategies

- Identify and provide relevant knowledge and training to support early-stage entrepreneurs to commercialize their concepts.
- Partner with educational institutions and industry organizations to provide relevant knowledge and training for emerging entrepreneurs.

Report on Performance *(continued)*

MEASURE 1: ACTION PLANS FOR TECHNOLOGY ENTREPRENEURS

The number of Action Plans completed by BCIC for technology entrepreneurs that will directly advance their early stage commercialization skills and improve their chances for commercial success

Past Performance		2012/2013		2013/2014
2010/2011	2011/2012	TARGET	ACTUAL	TARGET
463	815	463	834	n/a*

* Measure has been retired as of 2013/2014. A new measure, titled Health Score of Ventures in the BCIC Acceleration Network, is being implemented in 2013/2014 which includes the above as an indicator within a composite score. The new measure considers several important elements for a venture to progress.

Description of Measure

This measure records the number of Action Plans developed for and completed by early-stage entrepreneurs by BCIC. An Action Plan is a document describing strategies and next steps as recommended by BCIC experts to improve entrepreneurs' business plans, enhance their skills and marketability and improve their opportunities to gain access to capital funding.

Importance of Measure

An Action Plan provides expert advice to help budding entrepreneurs understand what their "best and most important next steps" are in the development of their enterprises. A solid business foundation of key skill sets is vital in the early stages of entrepreneurial development – an area where the BCIC can provide invaluable advice and guidance. Each technology entrepreneur that receives an Action Plan will have a much greater chance of commercial success, leading to long-term business growth and higher quality jobs for British Columbians.

Reason for Variance

This measure was exceeded because original estimates by BCIC and several partner organizations were conservative. Estimates are based on BCIC and partners' ability to forecast demand for programs; the greater the number of participants, the higher the number of Action Plans that will be developed. BCIC has collected program results in cooperation with our partner organizations including the nine organizations that make up the BC Regional Science and Technology Network and the six University Industry Liaison Offices in the province. Some partners experienced program growth as well as greater demand than anticipated for programs. For example, Simon Fraser University encountered greater demand for its programs that resulted in twice the number of Action Plans expected. As another example, the University of Victoria increased its efforts to encourage entrepreneurialism among students and faculty – as a result, they also created twice as many Action Plans as expected. The overall result is several hundred more Action Plans over BCIC's target.

MEASURE 2: SATISFACTION RATING OF BCIC'S PROGRAMS AND SERVICES

The percentage of BCIC clients who are satisfied that BCIC's programs and services will help advance the commercialization of their technology

Past Performance		2012/2013		2013/2014	2014/2015	2015/2016
2010/2011	2011/2012	TARGET	ACTUAL	TARGET	TARGET	TARGET
80%	93.66%	75%	82%	90%	90%	90%

Description of Measure

This measure provides a percentage of the general satisfaction BCIC clients have with BCIC's programs. This measure is based on sample surveys where satisfaction is defined as a value of 7 or more on a 10-point satisfaction scale. Performance targets are based on similar past BCIC surveys.

Importance of Measure

Confirmation from entrepreneurs that BCIC-funded programs enable their ventures to progress, adds perspective to how BCIC measures its progress. BCIC's goal is to support programs that provide high value to technology entrepreneurs, equipping them with the knowledge and tools to advance their technologies. Evaluation results enable BCIC to assess how well it is delivering on its mission. Reports from the participants of BCIC-supported programs and services will help to shape, refine and improve BCIC offerings and position BCIC as an integral component to the growth and success of its client companies.

Reason for Variance

This measure was exceeded; however, it is noted that the result for 2012/2013 is lower than the result for the year prior. The reason for the lower result is the low ratings attributed to one program, entrepreneurship@SFU. 2012 was the second year of this new program and BCIC is taking steps to improve satisfaction with this program. The target for this measure was based on observation of past program satisfaction surveys; however, BCIC has since developed a different grouping of programs than when the targets were set. For example, past programs included student events whereas current programs focus on the training and development of entrepreneurs. Future targets have been adjusted upward from the previous forecast, based on results observed over the last two years.

Goal 2: Commercializing Innovative Technology

BUILDING INCUBATORS AND ACCELERATORS, AND FACILITATING PARTNERSHIPS BETWEEN ACADEMIA AND INDUSTRY TO STRENGTHEN TECHNOLOGY COMMERCIALIZATION IN BRITISH COLUMBIA

BCIC supports programs and initiatives that help innovations reach the market. The net result will be a more vibrant economy and more high quality jobs for British Columbians.

Objective

- To increase the number of new businesses in British Columbia's technology sector.
- To increase the growth rate of small and medium-sized (SME) businesses in British Columbia's technology sector.

Strategies

- Build a network of incubators inside educational institutions to train students to be entrepreneurs and launch startup companies.
- Build a network of business accelerators to rapidly grow early-stage technology companies.

Report on Performance *(continued)*

MEASURE 3: STARTUP GROWTH COMPONENTS ACHIEVED BY ENTREPRENEURS

The number of key Startup Growth Components achieved by entrepreneurs who have been directly supported through BCIC's programs and services

Past Performance		2012/2013		2013/2014
2010/2011	2011/2012	TARGET	ACTUAL	TARGET
1976	2100	1976	2700	n/a*

* Measure has been retired as of 2013/2014. A new measure is being implemented in 2013/2014 which includes the above as an indicator within a composite score. The new measure considers several important elements for a venture to progress.

Description of Measure

This measure captures key Startup Growth Components (please see Appendix A for a complete list of these Components) entrepreneurs need to accomplish to effectively commercialize their concepts, paving the way for their early-stage growth. These Components can be customized to meet the unique needs of each entrepreneur, for their specific industry sector or for their company's life stage. The following are examples of Startup Growth Components: i) early-stage market research plan, ii) IP strategy, iii) revenue model, iv) risk assessments, v) financing plan and vi) strategic selling and sales processes.

Importance of Measure

It is imperative that British Columbia is able to expedite the commercialization of technology to increase the province's rate of economic growth as well as its competitive advantage. To help accomplish this, entrepreneurs need to have as many key Startup Growth Components achieved as possible for a solid business foundation for the success of their companies. The higher the number of key Startup Growth Components achieved by an entrepreneur, the greater their chance of commercial success.

Reason for Variance

This measure was exceeded because original estimates by BCIC and several partner organizations were conservative. Estimates are based on BCIC and partners' ability to forecast demand for programs; the greater the number of participants, the higher the number of Startup Growth Components that will be achieved. BCIC has collected program results in cooperation with our partner organizations including the nine organizations that make up the BC Regional Science and Technology Network and the six University Industry Liaison Offices in the province. Some partners experienced program growth as well as greater demand for programs than anticipated. For example, VIATeC exceeded its target by almost 500% because its Executive-in-Residence worked with entrepreneurs to achieve milestones in a timely manner. As another example, Northwest Science & Innovation achieved twice its target because it retained a business coach to work with clients in 2012/2013.

Goal 3: Increase Awareness of BC's Knowledge Economy

Raising awareness of the knowledge economy in British Columbia and its vital role for the future growth of the province is important. BCIC supports these activities by increasing the awareness of successful local technology companies and by helping to position our province as a world class destination for international technology companies to establish a presence.

Objective

- Increase awareness of British Columbia's science and technology sectors and their achievements both domestically and internationally.

Strategies

- Develop and promote success stories of British Columbia technology entrepreneurs through print, digital, broadcast and social media, industry associations and other channels.
- Increase awareness of BCIC among British Columbia's science and technology stakeholders.

Report on Performance *(continued)*

MEASURE 4: TECHNOLOGY SUCCESS STORIES PROMOTED BY BCIC

The number of technology success stories promoted by BCIC, published through print, digital, broadcast and social media, industry associations and other channels				
Past Performance		2012/2013		2013/2014
2010/2011	2011/2012	TARGET	ACTUAL	TARGET
170	733	170	664	n/a*

* Measure retired as of 2013/2014. Although BCIC continues to promote BC as a great place to be a technology entrepreneur, BCIC's goals and objectives for 2013/2014 are more focused on results than on activities

Description of Measure

This measure captures the reach of British Columbia technology success stories and is a count of the number of stories placed by BCIC through print, digital, broadcast and social media, industry associations and other channels. Examples of success stories published by BCIC in 2012 and instances of BCIC in the news can be found on the BCIC website at http://www.bcic.ca/success-stories and http://www.bcic.ca/bcic-in-the-news respectively. BCIC includes all technology success stories issued by the organization as well as all instances of the story being picked up by other sources (repeated or re-written). This includes blog stories and media releases picked up by digital, print and other sources. It does not include mentions or tweets.

Importance of Measure

It is essential to increase the awareness of the economic impact and success of British Columbia's technology companies to encourage new entrepreneurs, motivate existing ones and to create an environment that supports the growth of a knowledge economy. This will ultimately lead to more commercial success stories, greater employment in the sector and increased economic benefits for the province.

Reason for Variance

BCIC worked closely in 2012/2013 with technology start-up companies to develop compelling articles on their successes. These articles were published on BCIC's website as well as through partner channels. For example, VIATeC made a significant effort to promote technology success stories and the recently launched Tectoria brand. As a result, VIATeC surpassed its initial target of 100 by placing 223 stories in 2012/2013. In addition, Accelerate Okanagan exceeded its initial target of 48, with a total of 130 success stories, due to the strong engagement between its Marketing team and the client ventures in its programs.

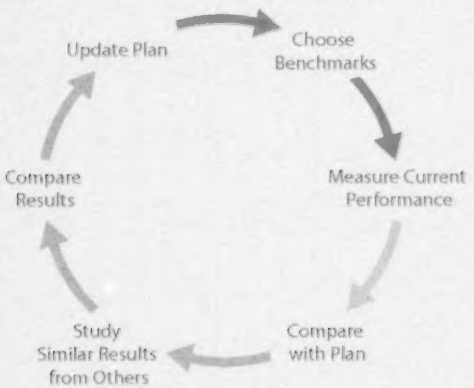
Benchmarking

As BCIC reviews and develops its focus areas, it continues to investigate similar jurisdictions that are currently focusing on entrepreneurial talent development and the commercialization of technologies. In most cases this is a continuous process and activities undertaken in 2012/2013 can be captured by the standard benchmarking model in Figure 2.

Topics under consideration when consulting with or monitoring other organizations include:

- Mentor and coaching methodologies – for example, the BCIC Mentor Program is based on the MIT Venture Mentor Service and BCIC regularly attends MIT's user group events in order to learn from the results of other Program Leaders;
- Performance Measures – for example, BCIC compared performance measures used by similar organizations when refining its own performance measures;
- Venture engagement models
- Venture intake models/process
- Venture growth and development models
- Accelerator management models
- Funding models
- Types of community events other organizations are running for the purpose of engaging the community and encouraging/furthering entrepreneurship in the community; and
- Publications released by or in connection with an organization BCIC is monitoring.

Figure 2: Benchmarking Cycle



BCIC is currently examining industry associations, innovation councils, academic and private organizations focusing on entrepreneurial talent development and the commercialization of technologies. In addition, BCIC consults with organizations involved with incubation, acceleration and mentorship programs. Examples of organizations consulted and monitored in 2012/2013 include:

- Alberta Innovates - Technology Futures
- Barcelona Activa
- Cambridge Innovation Centre
- Canadian Innovation Centre
- Chicago Innovation Mentors
- Communitech
- GrowLab
- Innovacorp
- Innovate St. Louis
- Innovation Place: Saskatchewan Opportunities Corporation
- IRAP
- Jumpstart Inc.
- Launch Academy
- MaRS
- MIT Venture Mentor Service
- National Business Incubation Association
- Ontario Centres of Excellence – Centre for Commercialization Research
- Saskatchewan Research Council
- SFU Venture Labs
- Techstars
- The Hub of Human Innovation
- Universidad Anáhuac
- Western Economic Diversification

Recognizing the dynamic nature of the technology and startup landscape, BCIC continually monitors developments in its focus area.

Management's Confidence in Data Integrity

BCIC's performance management system is designed to provide efficient and practical measurements of BCIC's goals. The measurements chosen are quantifiable. This results-focused approach enables BCIC to see when targets are met, objectives are achieved and assess whether changes to programs and strategies are necessary.

The success of BCIC programs are measured via the following:

- **Surveys:** Issued to program participants by program leaders via email on an annual basis, or more frequently if appropriate.
- **Progress Reports:** BCIC gathers information via progress reports submitted by program leaders.

Management is confident in the operational data utilized in reporting the results of its activities. BCIC's sources of data include in-house records maintained through electronic databases and progress reports submitted by program partners. As a condition of support to partners, BCIC requests appropriate records be maintained and reported.

Data is collected throughout the year depending on the activity and verified according to established reporting guidelines to ensure consistency from past years and across similar activities.

While accuracy is limited by human error, BCIC validates questionable data as part of the monitoring process for reports submitted externally.

Opportunities and Challenges

Subsequent to the review of BCIC's mandate in 2011, BCIC worked with Government in 2012/2013 to refresh its mandate and align its goals, measures and targets. Some changes were implemented during 2012/2013 and the remainder of which were set in place for 2013/2014.

The renewed mandate also directed BCIC to change its funding process to enhance transparency and accountability. Revisions began in 2012/2013 to ensure that new program spending is based on specific work plans developed and proposed by the funded organization, and will include appropriate measures of progress and outcomes. As a result, funding that BCIC previously provided as core funding to some of its partners will end at the close of 2012/2013 and be replaced with funding under contribution agreements as described. BCIC focused effort in 2012/2013 to communicate the effects of the changes to partners.

In 2012/2013 BCIC focused on programs that accelerate the commercialization of technology through supporting startups and the development of entrepreneurs. BCIC activities are part of the continued movement toward technology startup incubators and accelerators.

Risk and Capacity Issues

With growing fiscal restraint on BCIC's funding sources, annual funding levels have a significant impact on BCIC's operations. If there are further changes to the level of funding BCIC receives from Government, BCIC's ability to leverage funds to finance projects, programs and initiatives from other sources may be affected. Such sources may include various organizations within the federal and provincial governments as well as private, public and not-for-profit science and technology organizations.

Strategies to mitigate this risk include ongoing communications with BCIC's existing and potential funding sources, in order to build awareness of the level of support required. In addition, BCIC explores the development and implementation of programs and initiatives that are either self-supporting or leveraged with other revenue generating sources.

Letter of Expectations and Letters of Direction From Government

The Government's Letter of Expectations (the Letter) between the Ministry of Advanced Education, Innovation and Technology (Government's representative) and BCIC is an agreement on the parties' respective accountabilities, roles and responsibilities. The Letter confirms BCIC's mandate and priority actions, articulates the key performance expectations as documented in the Government's Expectations Manual for British Columbia Crown Agencies[1], and forms the basis for the development of BCIC's Service Plan and Annual Service Plan Report. The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

As a result of the Mandate Review conducted by the Province in 2011, BCIC was also provided with a Letter of Direction in October, 2012 with specific guidance. In addition, BCIC received a Letter of Direction regarding use of Leading Edge Endowment Fund assets.

For the 2012/2013 fiscal year, Government directed BCIC to take the following specific actions:

Government's Letter of Expectations for 2012/2013
Specific Directions from Government
i) Work in partnership with the Government to implement the approved recommendations outlined in the 2011/2012 British Columbia Innovation Council Mandate Review.
ii) Provide advice to the Minister, as requested, in support of the advancement of technology commercialization and the entrepreneurial science and technology culture in British Columbia.
BCIC's Response
i) Based on the observations of the Mandate Review Team, BCIC developed a set of Guiding Principles within which BCIC began to operate in 2012/2013. They are listed below, along with a status update.
(continued on next page)

Letter of Expectations and Letters of Direction From Government *(continued)*

Government's Letter of Expectations for 2012/2013 *(continued)*

BCIC's Response *(continued)*

KEY FOCUS – accelerate the commercialization of technology through supporting startups and the development of entrepreneurs

BCIC has substantially eliminated all programs that do not meet this principle, while creating new programs and expanding existing programs and activities that support the key focus. As an example, the BCIC Mentor Program currently provides mentor services to 51 BC early-stage startups.

In 2012/2013, BCIC launched the BCIC Acceleration Network, a province-wide alliance of regional partners delivering a structured venture growth program to technology entrepreneurs across British Columbia. Through the BCIC Acceleration Network, new and early-stage technology companies throughout the province gain access to highly qualified entrepreneurial expertise and know-how. In 2012/2013 the program was delivered in the Okanagan and Victoria. The program was expanded later in the year through three partnerships in the Lower Mainland as well as one each in Kamloops and Nanaimo. Plans were set in motion in to serve the West Kootenays by 2013/2014.

WORK WITH PARTNERS – both to plan and deliver programs and initiatives

BCIC continues to maintain and build relationships with program partners. In 2012/2013, BCIC had agreements with more than 20 partners to deliver programs and initiatives. As the 2012 provincial ambassador for Startup Canada, BCIC collaborated with and empowered 20 partners from throughout BC to deliver 15 entrepreneurship development seminars and networking sessions in seven cities – Kelowna, Penticton, Victoria, Prince George, Vancouver, North Vancouver and New Westminster.

CROSS-SECTOR – in line with the BC Jobs Plan

BCIC's programs support technology companies whose products and services are fostering innovation across a broad cross-section of industries, including all key industry sectors identified in the BC Jobs Plan.

In addition, BCIC initiated development of a Cross-Sector Strategy in 2012/2013 that will enable BCIC to diversify programming into the priority sectors.

PROVINCE-WIDE – "demand led" access to programs and support

The BCIC Acceleration Network is an initiative that supports regional expansion of BCIC-funded activities. The Network requires partners to assess program demand as part of the application process. BCIC is rolling out this structured startup growth and mentorship program throughout British Columbia and in 2012/2013 already had partners in place in Victoria, Kelowna, Nanaimo and Kamloops.

(continued on next page)

Letter of Expectations and Letters of Direction From Government *(continued)*

Government's Letter of Expectations for 2012/2013 *(continued)*

BCIC's Response *(continued)*

LEVERAGED FUNDING – required

In 2012/2013 BCIC collaborated with Southern Interior Development Initiative Trust and Northern Development Initiative Trust to secure matching funding for BCIC Acceleration Network funding plans in regional centres. BCIC Acceleration Network program funding is also partially supported by participant fees, corporate sponsorships and other government funding. BCIC Acceleration Network program funding is also partially supported by participant fees and corporate sponsorships. This model continues to be a priority as the BCIC Acceleration Network expands throughout the province.

RESULTS-BASED FUNDING – no restricted or guaranteed "flow through" support

All newly agreed BCIC-supported programs and activities require regular and full reporting. Program agreements are based on estimates of demand and agreed targets for delivery and results. In order for a partner to qualify for repeat funding, they must report actual demand and performance results as compared with original estimates. These results inform future funding and program design decisions.

INCUBATE PROGRAMS - create and launch before transferring to partners

In 2012, BCIC worked with regional partners to create and launch the BCIC Acceleration Network. BCIC intends to transfer the Network's governance to partners after one or more pilot years, provided a business model can be developed that doesn't create additional administrative burden that would detract from direct program spending.

TECHNOLOGY AWARENESS - focused on BCIC programs

BCIC promotes technology awareness by featuring BCIC programs through the BCIC blog and social media. In 2012/2013, BCIC has supported 11 partner events, posted 95 blog stories and issued 15 media releases. Externally, BCIC has appeared in 24 news stories. BCIC is also active with social media including Twitter, Linkedin and Facebook.

FULL MEASUREMENT - meaningful and accurate measurement and reporting

BCIC gathers information on the results and performance of the programs it supports. BCIC reviewed its existing measures in 2012/2013 and developed new measures that capture relevant data. BCIC has developed three new outcome-based measures for 2013/2014. All four measures used by BCIC for 2013/2014 serve to measure aspects of participating companies' ability to progress toward job creation.

ii) BCIC continues to provide feedback and advice to the Minister in support of technology commercialization in the province.

Letter of Expectations and Letters of Direction From Government *(continued)*

Letter of Direction from Government *October 2, 2012*	
Key Sections in Letter of Direction	**BCIC's Response**
BCIC divest itself of all non-core responsibilities, including Science Fairs and secondary school programs;	BCIC has divested itself of all non-core responsibilities, including Science Fairs and secondary school programs. Many programs were transferred to relevant organizations. For example, delivery of the Paul and Helen Trussell Science & Technology Scholarship has been assumed by the Vancouver Foundation. Delivery of the 2012 Innovation Exploration program was assumed by the Science Fair Foundation of BC.
Incubate and develop key programs in partnership with AEIT and deliver programs through well-established partners that use outcomes-based reporting and transparent practices;	BCIC works with well-established partners to develop and deliver key programs such as the Venture Acceleration Program. All partner agreements include the requirement to report on BCIC's outcomes-based measures. In addition, all partnerships are based on proposals that provide insight into the practices of the organization.
Align BCIC's board governance model with Board Resourcing and Development Office (BRDO) polices and best practices;	BCIC continued in 2012/2013 to ensure consistency with the Board Resourcing and Development Office (BRDO) polices and best practices.
Develop a new set of outcome-based performance measures as part of a rigorous approach to planning and evaluation, and extend these metrics to partner selection and reporting;	BCIC developed three new measures to be implemented in 2013/2014. All four measures to be used in 2013/2014 serve to measure aspects of participating companies' ability to progress toward job creation. Partners explain during the selection process how they will include data on the measures in their reporting.
Diversify programming to expand entrepreneurship programs and support in priority sectors as outlined in the BC Jobs Plan;	BCIC developed a Cross-Sector Strategy for 2013/2014 that will enable BCIC to diversity programming into priority sectors as outlined in the BC Jobs Plan. In addition, the BCIC Acceleration Network is an initiative that supports regional expansion of BCIC-funded activities.

Letter of Expectations and Letters of Direction From Government *(continued)*

Letter of Direction from Government October 2, 2012 *(continued)*	
Key Sections in Letter of Direction	**BCIC's Response**
Set up a board structure compatible with other Crown corporations, with an accompanying contract for fulfilling the duties of a board director formalize conflict-of-interest rules, and define board director expectations and accountabilities, including attendance and time commitment expected;	BCIC's board structure is meeting these standards.
Work with BRDO to complete board recruitment, ensuring the gaps in skills and competencies are taken into account and BC Jobs Plan sectors are represented, and deliver a formal on-boarding and orientation to new board directors to ensure they understand their role and accountabilities;	BCIC continues to work with BRDO to complete board recruitment, on-boarding and orientation.
Recruit and select BCIC executives and staff using a competency profile and a strong, transparent recruiting process including references;	BCIC is following these standards in recruitment.
Work with the Public Service Employers Council and BRDO to ensure compensation is appropriate for the CEO; the board may need to undertake a market compensation study in order to make a case for its recommended salary range.	BCIC is working with the Public Service Employers Council and BRDO to meet these standards.
Develop a performance contract for the CEO that includes development and execution of an operating plan that is directly a result of the strategic plan to build the right organizational structure, roles, competencies and capacity for a highly credible organization;	BCIC developed a performance contract for the CEO that meets these standards.
Develop a full strategic plan, including assumptions, financial and economic information, external socio-economic research, risks and specific risk mitigation strategies, data from industry partners and government (the shareholder's expectations), and AEIT's strategic priorities and advice;	BCIC has a strategic plan in place.

Letter of Expectations and Letters of Direction From Government *(continued)*

Letter of Direction from Government *October 2, 2012 (continued)*	
Key Sections in Letter of Direction	**BCIC's Response**
Develop and formalize a process for funding partner proposals that includes specific criteria, ideally including a peer-review process, and hold the executive team accountable for implementation and measurement of satisfaction amongst key stakeholders, such as industry partners, UILOs and BCRSTN Councils;	BCIC formalized a process for funding partner proposals in July 2012 and continues to review and refine the process. Satisfaction of program participants is monitored and BCIC has plans to measure satisfaction of key partners.
Board to meet with AEIT officials in Fall 2012 to review and follow up on the implementation of directives listed above. Meetings with AEIT Executive and the BCIC Board Chair and CEO should also occur on a quarterly basis to discuss specific goals and performance measures to be used in the upcoming Service Pan and Service Plan Annual Reports.	BCIC met with AEIT officials in Fall 2012 continues to meet on a quarterly basis with AEIT Executive.

Letter of Direction from Government *(Re: Leading Edge Endowment Fund) March 27, 2013*
Specific Direction
Allocate Leading Edge Endowment Fund assets to the BCIC-Mitacs Commercialization Voucher Program
BCIC's Response
As custodian of the residual assets of the Leading Edge Endowment Fund (LEEF), BCIC allocated funds to the pilot phase of the BCIC-Mitacs Commercialization Voucher Program. During the pilot phase, the Voucher Program received a total of 56 applications form companies, 49 of which were matched with appropriate student candidates and presented to BCIC for review. Of the 49 applicants that were reviewed, 37 were approved. All funded projects are scheduled to be completed by September 30, 2013.

[1] The Province of British Columbia's Crown Agency Accountability System (www.gov.bc.ca/caro/publications/index.html) establishes guiding principles for the governance of Crown corporations. The Government's Expectations Manual identifies roles and responsibilities for the Government and Crown corporations, and provides for a Government's Letter of Expectations (Letter) to be developed.

Financial Report

Management Discussion and Analysis

A summary of the BC Innovation Council's financial results is presented below. Chart A details BCIC's current operations, with comparison to budget and the prior year's figures. The chart includes the results of operations for the previous four years as well as forecast figures for the next three years. Forecast figures are consistent with the 2013/14 Service Plan.

BCIC received less annual funding in 2012/2013 compared to the previous fiscal year and has adjusted its operations accordingly. BCIC will continue to develop new programs under the renewed mandate and deliver programs in collaboration with its partners across the province.

Financial Report *(continued)*

CHART A

Summary of financial results and budget projections

(in thousands of dollars)	2008/09	2009/10	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
	Actual	Actual	Actual	Actual	Actual	Budget	Budget Variance	Year Variance	Forecast	Forecast	Forecast
Revenues											
Province of British Columbia	9,293	8,500	8,500	9,650	6,150	6,150	-	(3,500)	6,090	6,090	6,090
Internal Program Funding (1)	6,390	2,195	29	-	171	-	171	171	5,500	2,000	2,000
NRAS Endowment (2)	3,005	2,109	1,919	568	3	1,000	(997)	(565)	1,000	1,000	1,000
Interest and Other	562	275	329	124	291	115	176	167	125	125	125
Total Revenues	19,250	13,079	10,777	10,342	6,615	7,265	(650)	(3,727)	12,715	9,215	9,215
Expenses											
Programs and Initiatives	12,597	7,943	6,349	7,430	4,956	3,826	1,130	(2,474)	9,977	6,466	6,459
NRAS Endowment (2)	3,005	2,109	1,919	568	3	1,000	(997)	(565)	1,000	1,000	1,000
Salaries and Benefits	1,869	1,915	1,590	1,392	1,027	1,529	(502)	(365)	1,192	1,192	1,192
Rent	227	254	274	418	223	280	(57)	(195)	237	237	237
Amortization	64	74	62	48	41	70	(29)	(7)	40	45	45
Other operating costs (3)	1,488	784	583	485	364	560	(196)	(121)	269	275	282
Total Expenses	19,250	13,079	10,777	10,341	6,614	7,265	(651)	(3,727)	12,715	9,215	9,215
Annual Surplus	0	0	0	1	1	0	1	-	0	0	0
Funds Committed to Future Programs (1)	13,866	11,722	11,722	11,780	22,300	11,780	10,520	10,520	16,800	14,800	12,800
Capital Expenditures (4)	124	78	14	13	36	50	(14)	23	50	50	50
Total Debt	0	0	0	0	0	0	0	0	0	0	0

- The balance of Funds Committed to Future Programs includes unrestricted assets and deferred revenue balances. Year-to-year changes include Annual Surplus (Deficit), changes to capital assets and deferred revenues as detailed in Note 4 and Note 6 of the audited financial statements.
- NRAS program revenues and expenses are included in the financial chart above.
- Other operating costs include legal and contracted services, meeting, travel & networking and office expenses.
- Capital Expenditures include the costs of computer equipment and software licences.
- The above financial information, including forecast information, was prepared based on current Public Sector Accounting Standards.

Natural Resources and Applied Sciences (NRAS) Research Endowment Fund

In the 2005/2006 fiscal year, BCIC was charged with stewarding $50 million from the Province of British Columbia for the Natural Resources and Applied Sciences (NRAS) Research Endowment Fund. As an endowment, it is expected that the capital will be preserved and only the interest earnings will be spent on program activities. In 2012/2013 $3,139 was spent on professional services. Once sufficient interest earnings have accumulated, further programs can be delivered.

CHART B

Natural and Applied Sciences Endowment Fund

(in thousands of dollars)	2008/09	2009/10	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
	Actual	Actual	Actual	Actual	Actual	Budget	Budget Variance	Year Variance	Forecast	Forecast	Forecast
NRAS Endowment Fund	50,000	50,000	50,000	50,000	50,000	50,000	-	-	50,000	50,000	50,000
Interest Accumulated, Begin of the year	4,273	3,031	1,209	76	502	502	-	426	1,461	1,461	1,461
Annual investment income	1,763	287	786	994	962	1,000	(38)	(32)	1,000	1,000	1,000
Program expenditures	(3,000)	(2,000)	(1,800)	(560)	-	(1,000)	1,000	560	(1,000)	(1,000)	(1,000)
Administration and professional fees	(5)	(109)	(119)	(8)	(3)	-	(3)	5	-	-	-
Interest Accumulated, End of the year	3,031	1,209	76	502	1,461	502	959	959	1,461	1,461	1,461
Total Debt	0	0	0	0	0	0	0	0	0	0	0

Assessment of Changes in Results and Reasons for Significant Variances and Trends

Provincial funding had been reduced to $6.15 million this year and is expected to be further reduced to $6.09 million next year. The future provincial funding is forecasted to be the same for the next three years.

In 2012, BCIC received two gifts, one of $7 million and another of $2.25 million. A further succession transfer occurred of $1.47 million from the Leading Edge Endowment Fund (LEEF) and is held in its reserve as deferred program revenues. In the same year, BCIC entered into a contract with Mitacs to develop and deliver the pilot BCIC-Mitacs Commercialization Voucher Program for up to $1 million from the $7 million LEEF gift. In 2012/2013, $171,500 had been disbursed for this program, and BCIC will continue to disburse the remaining of the $1 million as agreed in the contract until it is fully exhausted.

In 2012/2013 $3,139 was spent on professional services under the direction of BCFRST Foundation.

Interest and other income were higher this year due to receipt of a holdback payment for the sale of UB Video shares in the amount of US$151,004, which was transferred from BC Advanced Systems Foundation to BCIC on March 30, 2007.

Programs and Initiatives expenses were lower than last year because provincial funding was reduced by 36%. However, total program expenses exceeded the budget by 29% as BCIC strived to reduce its operating cost and used the savings towards programs. BCIC divested itself of all non-core programs and launched two new programs to focus its effort in developing commercialization initiatives that accelerate the commercialization of technology and development of entrepreneurs in British Columbia.

Operating and administration expenses were lower this year. Salaries and benefits were lower than budgeted because BCIC went through a staff reduction in 2011/2012 and a few anticipated recruitments included in 2012/2013 budget did not proceed due to the reduction in annual funding. Rent expenses were lower because BCIC leased less office space.

BCIC's total expenses in 2012/2013 were $6.614 million with a surplus of $1,575.

BCIC's capital expenditures were primarily for computer equipment and software licenses.

Major Risks and Opportunities that Affected Financial Performance

BCIC's operations are primarily funded by the core funding from the Province, and any changes to the level of provincial funding will have significant impact on BCIC's operations. Strategies to mitigate this risk include ongoing communications with BCIC's existing and potential funding sources, in order to build awareness of the level of support required. In addition, BCIC explores the development and implementation of programs and initiatives that are either self-supporting or leveraged with other revenue generating sources. BCIC has access to its significant reserves and will work closely with Government on how to utilize these reserves for the development of future programs and initiatives.

With the establishment of the Natural Resources and Applied Sciences Endowment Fund, interest rate levels are a significant factor in the fund's income; the primary goal of investing the endowment is preservation of the principal. Sufficient interest earnings have to be accumulated before further programs can be delivered.

Future Outlook

While the current uncertain economic climate is a continued concern, BCIC has a valuable leadership role in the Province and is confident that support from government and other funding sources will continue at strong levels. BCIC will focus its efforts on designing, developing and implementing its programs and services in collaboration with its delivery partners. BCIC will continue to leverage funds from multiple sources for the purpose of building more efficient and valuable programs. BCIC will explore opportunities to develop new programs and expand existing programs in accordance with funding levels.

"The rise of innovation matters to all of us... innovative industries bring "good jobs" and high salaries to the communities where they cluster, and their impact on the local economy is much deeper than their direct effect. Attracting a scientist or engineer triggers a multiplier effect, increasing employment and salaries for those who provide local services."

—Enrico Moretti, The New Geography of Jobs

Statement of Management Responsibility

The financial statements of BCIC are the responsibility of management and have been prepared in accordance with Public Sector Accounting Standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available up to June 1, 2013. The financial statements have been reviewed by BCIC's Audit Committee and approved by the Board of Directors.

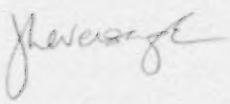
Management maintains and relies on a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and that reliable and relevant financial information is available on a timely basis.

The financial statements have been examined by independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present BCIC's financial position, results of operations and cash flows in accordance with Public Sector Accounting Standards. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfils its responsibility for financial reporting and internal controls. The Audit Committee, comprised of directors who are not employees, meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Directors and appointment of external auditors. The external auditors have full and open access to the Audit Committee, with and without the presence of management.

Supplementary Documents and Statements

The signed Auditors' Report, Audited Financial Statements and accompanying notes to the financial statements follow.



Jill Leversage
Chair, BCIC
June 5, 2013

Signed Auditor's Report

KPMG LLP | Chartered Accountants
Metrotower II, Suite 2400 – 4720 Kingsway
Burnaby, BC, Canada V5H 4N2

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Independent Auditors' Report

To the Board of Directors and the Minister of Advanced Education, Innovation and Technology of British Columbia

We have audited the accompanying financial statements of British Columbia Innovation Council, which comprise the statement of financial position as at March 31, 2013, the statement of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the British Columbia Innovation Council as at March 31, 2013 and its results of operations and its cash flows for the year ended then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants
May 16, 2013
Burnaby, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Canada provides services to KPMG LLP.

Financial Statements: BC Innovation Council

Combined Financial Statements of
BRITISH COLUMBIA INNOVATION COUNCIL

Year ended March 31, 2013

BRITISH COLUMBIA INNOVATION COUNCIL

Statement of Financial Position

March 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Cash & cash equivalents:		
Unrestricted	$ 307,738	$ 601,836
Restricted – deferred programs (note 6)	45,143	-
Restricted – NRAS endowment (note 7)	1,460,667	501,676
Investments:		
Unrestricted (note 3)	6,316,466	5,687,314
Restricted – deferred programs (note 3 and 6)	15,822,332	5,330,974
Accounts receivable	48,485	245,821
	24,000,831	12,367,621
Liabilities		
Accounts payable and accrued liabilities	398,541	279,303
Deferred program revenues (note 6)	15,849,720	5,330,974
Deferred revenue from NRAS endowment (note 7)	1,460,667	501,676
	17,708,928	6,111,953
Net Financial Assets	6,291,903	6,255,668
Non-Financial Assets:		
Restricted – NRAS endowment:		
Cash & cash equivalents (note 7)	24,992,501	-
Investments (notes 3 and 7)	25,007,499	50,000,000
	50,000,000	50,000,000
Tangible capital assets (note 4)	119,724	126,693
Prepaid expenses	38,589	66,280
	50,158,313	50,192,973
Accumulated surplus (note 5)	$ 56,450,216	$ 56,448,641

Commitments and contingencies (note 8)
Contractual obligations (note 9)
Employee future benefits (note 10)

See accompanying notes to the financial statements.

Approved on behalf of the Board:

Director

Director

BRITISH COLUMBIA INNOVATION COUNCIL

Statement of Operations

Year ended March 31, 2013, with comparative figures for 2012

	Budget 2013	2013	2012
Revenue:			
Grants from the Province of British Columbia	$ 6,150,000	$ 6,150,000	$ 9,650,000
Program revenue (note 6)	-	171,000	-
Other	147,000	163,327	10,649
Interest	125,000	127,444	113,105
Revenue from NRAS endowment	-	3,139	568,138
	6,422,000	6,614,910	10,341,892
Expenses (note 13):			
Program expenses and disbursements:			
Academic	1,326,321	1,350,077	2,352,942
Commercialization	3,382,888	3,781,535	5,159,759
Contribution to NRAS program	22,640	22,980	607,821
Premier's Technology Council	425,000	352,386	326,845
Talent Development and Innovation	-	1,530	624,637
Technology Awareness	247,127	212,704	267,183
General administration	1,018,024	892,123	1,001,257
	6,422,000	6,613,335	10,340,444
Annual surplus	-	1,575	1,448
Accumulated surplus, beginning of year	56,448,641	56,448,641	56,447,193
Accumulated surplus, end of year	$ 56,448,641	$ 56,450,216	$ 56,448,641

See accompanying notes to the financial statements.

BRITISH COLUMBIA INNOVATION COUNCIL

Statement of Changes in Net Financial Assets

Year ended March 31, 2013, with comparative figures for 2012

	Budget 2013	2013	2012
Annual surplus	$ -	$ 1,575	$ 1,448
Acquisition of tangible capital assets	(50,000)	(35,496)	(13,081)
Amortization of tangible capital assets	70,000	40,987	47,575
Disposition of tangible capital assets	-	4,519	-
Accumulated amortization of disposition	-	(3,041)	-
	20,000	8,544	35,942
Acquisition of prepaid expenses	-	(65,849)	(87,402)
Use of prepaid expenses	-	93,540	95,610
	-	27,691	8,208
Change in net financial assets	20,000	36,235	44,150
Net financial assets, beginning of year	6,255,668	6,255,668	6,211,518
Net financial assets, end of year	$ 6,275,668	$ 6,291,903	$ 6,255,668

See accompanying notes to the financial statements.

BRITISH COLUMBIA INNOVATION COUNCIL

Statement of Cash Flows

Year ended March 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Annual surplus	$ 1,575	$ 1,448
Items not involving cash:		
Amortization of tangible capital assets	40,987	47,575
Changes in non-cash operating working capital:		
Accounts receivable	197,336	(175,157)
Prepaid expenses	27,691	8,208
Accounts payable and accrued liabilities	119,238	(138,588)
Deferred program revenues	10,518,746	55,790
	10,905,573	(200,724)
Capital:		
Purchase of tangible capital assets	(35,496)	(13,081)
Disposition of tangible capital assets	1,478	-
	(34,018)	(13,081)
Investing:		
Purchase of investments	(144,838,625)	(26,950,502)
Proceeds on maturity of investments	158,710,616	27,031,029
Increase in deferred revenue from NRAS endowment	958,991	425,444
	14,830,982	505,971
Increase in cash & cash equivalents	25,702,537	292,166
Cash & cash equivalents (including restricted), beginning of year	1,103,512	811,346
Cash & cash equivalents (including restricted), end of year	$ 26,806,049	$ 1,103,512

See accompanying notes to the financial statements.

Notes to Financial Statements for BC Innovation Council

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements

Year ended March 31, 2013, with comparative figures for 2012

---

1. Authority and purpose:

British Columbia Innovation Council (the "Council"), was established in 2006 by an amendment of the Innovation and Science Council Act to the British Columbia Innovation Council Act (the "Act").

The Council is governed by a Board of Directors, appointed by the provincial government of British Columbia (the "Province"). The Council is exempt from the payment of income taxes under section 149 of the Income Tax Act.

Under Section 13 of the Act, the directors, officers, and employees of the Council have certain immunities in the exercise of their duties carried out in their connection with the Council.

The Council's mandate is to support applied research and commercialization of science and technology in order to foster province-wide economic development.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

2. Significant accounting policies:

(a) Basis of accounting and presentation:

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Cash and cash equivalents:

Cash and cash equivalents include investments with a term to maturity of 90 days or less at the date of acquisition.

(c) Investments:

Investments, which include investments with original terms to maturity of greater than 90 days, are recorded at amortized cost plus accrued interest, which approximates market value. Interest income is recognized in the period earned.

(d) Revenue recognition:

The Council follows the accrual method of accounting for contributions. Unrestricted contributions and government grants are recorded as revenue when received or receivable, if the amounts can be estimated and collection is reasonably assured. Other unrestricted revenue, including sales of services and products, are reported as revenue at the time the services are provided or the goods delivered.

Investment income on unrestricted assets is recognized as revenue when it is earned.

Endowment contributions are recognized as revenue when received. Investment income earned from restricted cash and investments related to the endowment funds are deferred and recognized as revenue when they are spent or disbursed in accordance with the restrictions of the endowment.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

2. Significant accounting policies (continued):

(d) Revenue recognition (continued):

Contributions externally restricted for non-capital specific purposes are recorded as deferred revenue and recognized as revenue in the year in which the stipulations are met.

Investment income that is subject to external restrictions is deferred and recognized as revenue in the year in which the related expense is incurred.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Tangible capital assets:

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The historical cost, less residual value, of the tangible capital assets is amortized commencing at the time the asset is available for use based on the methods and rates as shown in the schedule below:

Asset	Amortization
Furniture, fixtures and equipment	20% declining balance
Computer hardware and software	33% declining balance
Leasehold improvements	Straight line over the lesser of the term of the lease and the useful life of the asset

(g) Employee future benefits:

The Council accrues employee vacation entitlements and post employment benefits. These accruals are included in accounts payable and accrued liabilities. The Council is a member of the Public Service multi-employer pension plan (note 10). Defined contribution plan accounting is applied to the multi-employer defined benefit plan and, accordingly, contributions are expensed when paid or payable.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant areas requiring the use of management estimates include the determination of useful lives of tangible capital assets for amortization and accrual of liabilities. Actual results may differ from these estimates.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

3. Investments:

Restricted and unrestricted investments consist of term deposits and guaranteed investment certificates with maturity dates ranging from May of 2013 to November of 2014, bearing interest at rates ranging from 1.45% to 2.55%.

Included in unrestricted investments are shares of previous BCASF program participant private corporations received in exchange for all or a portion of loan or royalty interests. As at March 31, 2013, the Council has assessed these shares of privately-held corporations to have nominal market value. As such, these investments are recorded at a nominal value of $1 each for each company shareholding. The estimated market value of the long-term investments as at March 31, 2013 is $20 (2012 - $20).

4. Tangible capital assets:

Cost	Balance at March 31, 2012	Additions	Disposal	Balance at March 31, 2013
Furniture, fixtures and equipment	$ 155,567	$ -	$ -	$ 155,567
Computer hardware and software	386,732	35,496	(4,519)	417,709
Leasehold improvements	27,770	-	-	27,770
	$ 570,069	$ 35,496	$ (4,519)	$ 601,046

Accumulated Amortization	Balance at March 31, 2012	Amortization	Accumulated amortization of disposals	Balance at March 31, 2013
Furniture, fixtures and equipment	$ 105,564	$ 10,000	$ -	$ 115,564
Computer hardware and software	310,042	30,987	(3,041)	337,988
Leasehold improvements	27,770	-	-	27,770
	$ 443,376	$ 40,987	$ (3,041)	$ 481,322

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

4. Tangible capital assets (continued):

	Net Book value March 31, 2012	Net book value March 31, 2013
Furniture, fixtures and equipment	$ 50,003	$ 40,003
Computer hardware and software	76,690	79,721
Leasehold improvements	-	-
	$ 126,693	$ 119,724

There were no writedowns or reversals of writedowns previously recorded on any tangible capital assets.

5. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2013	2012
Invested in tangible capital assets	$ 119,724	$ 126,693
NRAS Endowment	50,000,000	50,000,000
Unrestricted	6,330,492	6,321,948
	$ 56,450,216	$ 56,448,641

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

6. Deferred program revenues:

	2013	2012
Balance, beginning of year	$ 5,330,974	$ 5,275,184
LEEF contributions	10,607,332	-
Other contributions	1,518	-
Investment income (net of fees)	80,896	55,790
Less: amounts amortized to program revenues	(171,000)	-
Balance, end of year	$ 15,849,720	$ 5,330,974

During the year the Council received $10,607,332 from Leading Edge Endowment Fund (LEEF), a related entity (note 11). The funds were comprised of two deeds of gift in the amounts of $2,250,000 designated to support the establishment of a Research Chair at a post secondary institution in British Columbia and $7,000,000 designated to support and promote students at British Columbia's post secondary institutions. In addition, as part of a succession transfer agreement, the Council received the residual assets and assumed the residual liabilities of LEEF and received net financial assets in the amount of $107,332, and $1,250,000 to fund a commitment previously made by LEEF to establish a BC Regional Research Chair at Thompson Rivers University. The funds required for these future expenditures have been separated and classified as restricted investments – deferred programs.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

7. Natural Resources and Applied Science Research Endowment (NRAS):

In fiscal year 2005/2006, the Council was charged with stewarding an endowment contribution of $50,000,000 from the Ministry of Economic Development. Investment earnings are restricted for the support of training, research and development in natural resources and applied sciences. Restricted cash and investments of $51,460,667 are comprised of the permanently restricted endowment balance of $50,000,000 and unspent interest earnings of $1,460,667.

The deferred revenue from NRAS endowment balance is calculated as follows:

	2013	2012
Unspent interest, beginning of year	$ 501,676	$ 76,232
Annual interest earned	962,130	993,582
Administration and professional fees	(3,139)	(8,138)
Program expenditures	-	(560,000)
Unspent interest, end of year	$ 1,460,667	$ 501,676

No program expenditures were made during the current year (2012 - $560,000).

8. Commitments and contingencies:

(a) The Council occupies offices under a long-term lease with varying terms to November 29, 2014. Minimum annual payments include the Council's estimated share of utilities and other costs of occupancy.

(b) The Council is committed to lease a photocopier until August 2013 at a quarterly rental of $3,174.

Total estimated lease payments up to the end of the lease terms are as follows:

2014	$ 246,238
2015	164,619

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

9. Contractual obligations:

The Council has entered into a number of project grant contracts as at March 31, 2013 for the future funding of research projects to be completed subsequent to the year end.

These contractual obligations are funded in installments and payments are due based on conditions included in the contract being satisfied. As such, no liability has been accrued in the financial statements as the Council is not liable for payments until these conditions have been met.

The contractual obligations of the Council as at March 31, 2013 are $3,973,500 (2012 - $377,500).

10. Employee future benefits:

The Council and its employees contribute to the Public Service Pension Plan (the "Plan") in accordance with the *Public Sector Pension Plans Act* (the "Act"). The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. As the Plan is a multi-employer, defined benefit plan, the Council accounts for its payments on the basis of a defined contribution plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the Plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2011) indicated an unfunded liability of $275 million. The plan covers approximately 53,500 active employees. The next required valuation will be as of March 31, 2014 with results available in 2015.

During the year, the Council paid and expensed $84,059 (2012 - $86,505) for contributions to the Plan.

11. Related parties:

The Council is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the Council received $26,382 (2012 - $29,492) from LEEF as compensation for operational expenses pertaining to accounting, administration and rent. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. In addition, the Council received $10,607,332 from LEEF (note 6).

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

12. Budget data:

The budget data presented in these financial statements is based on the 2013 operating budget approved by the Board of Directors on May 14, 2012 and is reconciled to the statement of operations as follows:

	Approved budget	Reconciling items	Statement of operations
Revenue:			
Province of British Columbia	$ 6,150,000	$ -	$ 6,150,000
Program revenue	-	-	-
Other	147,000	-	147,000
Interest	125,000	-	125,000
Revenue from NRAS endowment	-	-	-
	6,422,000	-	6,422,000
Expenses:			
Academic	929,000	397,321	1,326,321
Commercialization	1,988,866	1,394,022	3,382,888
Contribution to NRAS program	-	22,640	22,640
General administration	1,501,894	(483,870)	1,018,024
General program funds	1,378,915	(1,378,915)	-
Premier's Technology Council	425,000	-	425,000
Talent Development and Innovation	-	-	-
Technology Awareness	198,325	48,802	247,127
	6,422,000	-	6,422,000
	$ -	$ -	$ -

Reconciling items are due to the allocation of costs in the general program funds and general administration categories to the other functional categories as approved by the Board subsequent to May 14, 2012.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Year ended March 31, 2013, with comparative figures for 2012

13. Expenses by object:

The following is a summary of expenses by object:

	2013	2012
Expenses:		
Program expenses and disbursements	$ 4,958,450	$ 7,998,477
Salaries and benefits	1,026,900	1,391,825
Rent	222,677	418,041
Contracted services	141,816	125,749
Office expenses	65,099	87,203
Other costs	157,406	271,574
	6,572,348	10,292,869
Amortization	40,987	47,575
Total expense	$ 6,613,335	$ 10,340,444

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Appendix A: Startup Growth Components

Concept

1. Early stage market research plan
2. Concept description PowerPoint
3. Product positioning statement(s)
4. One page strategic plan (next 12 months)
5. Product or technology focus

Research

6. Acquiring research customer(s) for market testing
7. Customer pain and demand assessment
8. Competitive analysis
9. Detailed market analysis
10. Business plan PowerPoint (business plan summary)
11. IP strategy (trademarks and patents)
12. Starting a company (trademark name, register company, banking, tax numbers, licenses, permits, company charter and bylaws)
13. Capital or corporate structure
14. Assembling core team
15. IRAP or other sources of government funding (Futureworks, EBC, WD, SRED)
16. Tax jurisdictions (state, provincial, city, federal, capital and permanent residence)
17. Statutory compliance (WCB, labor statutes, licenses, taxes)
18. Compulsory requirements (insurance, bonding, safety, environmental, standards)
19. Identification of the target customer (ideal customer profile)

Proof of Concept

20. Secure alpha and beta customers
21. Product commercialization analysis
22. Prototype
23. Business plan
24. Detailed budget and finance plan
25. Key market identification and market size analysis
26. Marketing/sales plan
27. Angel investment PowerPoint
28. Operations
29. Revenue model
30. Pricing strategy
31. Product cost model
32. Warehousing and distribution models

Early Traction

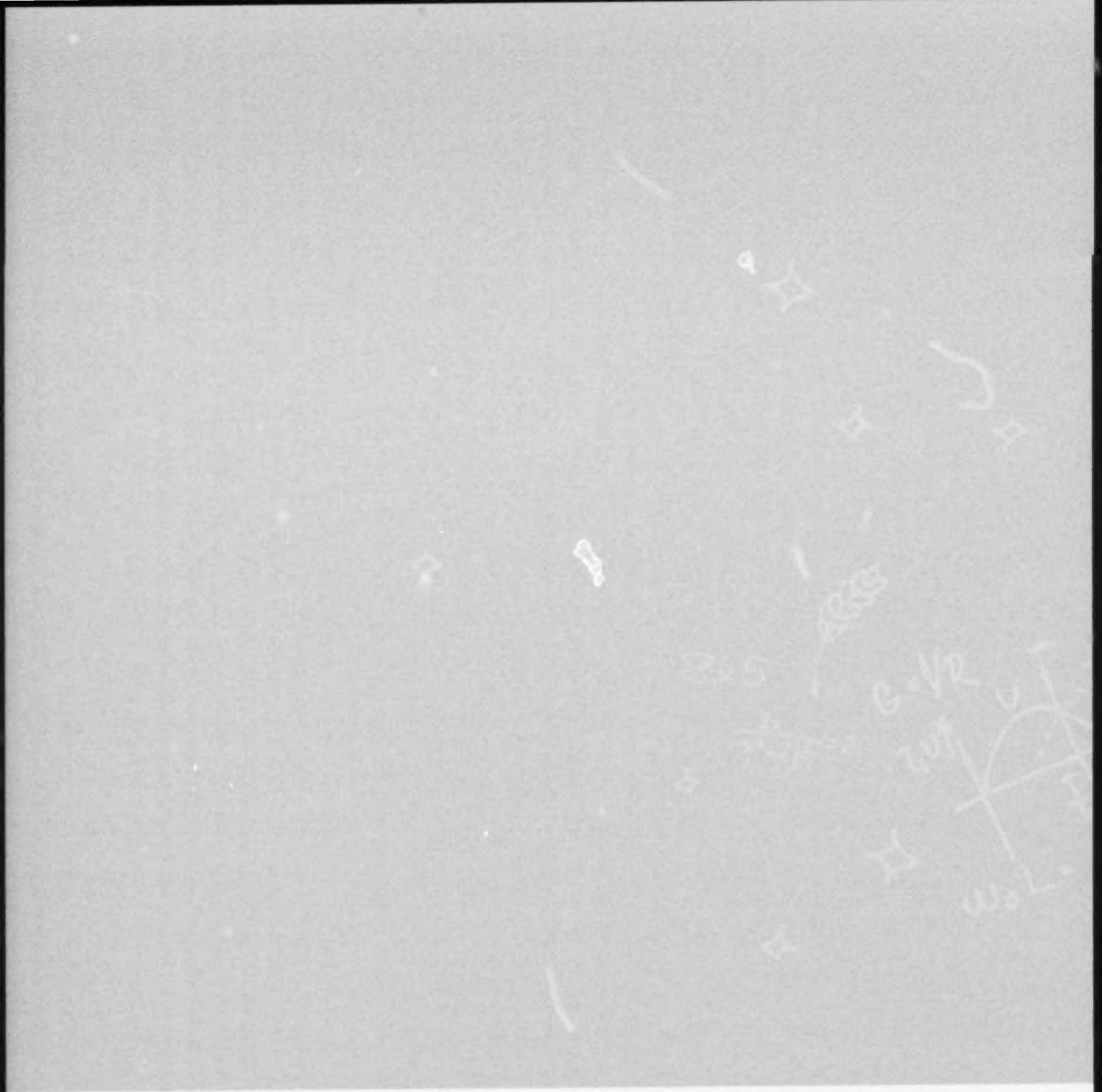
33. Secure lead customer(s) (early adopters)
34. Operations plan
35. Business plan executive summary
36. Business plan
37. 1st or 2nd financing
38. Getting or ensuring the right people are "on the bus"
39. Key agreements: shareholders agreement, employment, contracts, etc.
40. ESOP plan and tracking
41. Financing requirements
42. Financing plan
43. Financing presentation
44. Identify and introduce to sources of financing (angels, VCs, strategic partners)
45. Debt versus equity analysis

Early -Stage Growth

46. Technology roadmap
47. Strategic selling and sales process
48. Sales funnel and management
49. Channels to market
50. Strategic partnerships
51. Marketing plan
52. Product roadmap
53. Branding statements
54. Sales plan
55. Exit strategy

Operations

56. Operations plan
57. Execution plans
58. Price elasticity and sensitivity/ability to manage costs
59. Capital acquisitions versus leasing options
60. Risk assessments
61. Cross border transactions
62. Financial models
63. Budget and cash plan
64. Mission, vision and core values
65. Purchasing, supply chain and logistics strategy
66. Manufacturing or outsourcing strategy
67. Quality control and revision or batch management



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BC INNOVATION COUNCIL